

**ITEL**  
**CORPORATION**  
TRANSPORTATION SERVICES GROUP

RECORDATION NO. **9137** Filed & Recorded

DEC 27 1977 - 2 55 PM

INTERSTATE COMMERCE COMMISSION

DEC 27 1977  
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December 21, 1977

Hon. H. G. Homme  
Acting Secretary,  
Interstate Commerce Commission  
Washington, D. C. 20423

Dear Sir:

Enclosed for filing with and recording by the Interstate Commerce Commission are six counterparts of a Conditional Sale Agreement dated as of December 19, 1977, between FMC Corporation, 200 East Randolph Drive, Chicago, Illinois, 60601, and ITEL Corporation, Rail Division, Two Embarcadero Center, San Francisco, California, 94111, covering 200 general purpose boxcars (AAR Mechanical Designation XM), numbered COP 7201 to COP 7400, both inclusive. Identifying marks on the foregoing equipment: "Owned by a Bank or Trust Company under a Security Agreement filed under the Interstate Commerce Act, Section 20c".

Also enclosed is this Company's check in the amount of \$50.00, payable to the Interstate Commerce Commission, being the prescribed fee for filing and recording the foregoing Conditional Sale Agreement.

Please return all additional copies of the enclosed counterparts not required by the Interstate Commerce Commission to David Schwartz, Esq., of Sullivan and Worcester, who will be delivering this letter on our behalf.

Very truly yours,

*David M. Schwartz*  
*C. Schwartz*  
Martin B. Goodman  
Vice President-Legal Services  
MDG:md  
Enc.

7-381A212

DEC 27 1977

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ICC Washington D.C.

**Interstate Commerce Commission**  
**Washington, D.C. 20423**

12//

12/27/77

**OFFICE OF THE SECRETARY**

**Martin D. Goodman**  
**SSI Rail Corp.**  
**Two Embarcadero Center**  
**San Francisco, Calif. 9411**


Dear **Sir:**

The enclosed document(s) was recorded pursuant to the  
provisions of Section 20(c) of the Interstate Commerce Act,

49 U.S.C. 20(c), on **12/27/77** at **2:55pm** ,

and assigned recordation number(s) **9137**

Sincerely yours,

  
**H.G. Homme, Jr.**  
**Acting Secretary**

Enclosure(s)

**SE-30-T**  
**(6/77)**

REGISTRATION NO. 9137 Filed & Recorded

DEC 27 1977-2 45 PM

INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT

This Conditional Sale Agreement is made as of December 19, 1977 between FMC Corporation, a Delaware corporation (hereinafter called Builder,) and Itel Corporation, Rail Division, a Delaware corporation, (hereinafter called Icel Rail.)

NOW THEREFORE, the parties agree:

1. Construction and Sale. Builder will construct Two Hundred (200) 50' 6" 70-ton capacity general purpose, single sheath boxcars, numbered COP 7201-7400, inclusive (such boxcars being hereinafter called the Equipment.) Builder will sell and deliver to Icel Rail and Icel Rail will purchase from Builder, accept delivery and pay for the Equipment. The design, quality and component parts of each unit of Equipment shall conform at delivery to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards recommended by the Association of American Railroads reasonably interpreted as being applicable to equipment of the character of such units. The Equipment will meet FMC Job Number 17877.

2. Inspection and Delivery. Builder will begin construction of the Equipment promptly and will begin delivery on or about January 4, 1978 and complete deliveries on or about January 20, 1978. Builder will deliver the Equipment to Icel Rail, at Icel Rail's option, either at the Builder's plant or to the railroad line of Icel Rail's lessee the City of Prineville Railroad Company ("Lessee").

During construction, the Equipment will be subject to inspection and approval by the authorized inspectors of Icel Rail. Builder will grant the inspectors reasonable access to its plant. Builder will submit each unit to an inspector for inspection. If each such unit conforms to the specifications, requirements and standards applicable thereto, the inspector shall execute and deliver to the Builder a Certificate of Acceptance stating that such unit has been inspected and accepted on behalf of Icel Rail and is marked in accordance with Article 6 hereof, provided, however, that the Builder shall not thereby be relieved of its warranty provided in Article 9.

Upon delivery of each unit, Itel Rail will assume the risk of any loss or damage to or destruction of such unit provided that Builder shall not thereby be relieved of its warranties under Article 9 hereof.

3. Purchase Price and Payment. The price will not exceed \$35,100 per unit nor \$7,020,000 for all of the Equipment. The purchase price shall be payable on demand, but not before ten days after delivery of all of the Equipment. If payment shall not be then demanded, Itel Rail will pay interest at ten per cent per annum of the unpaid balance of the purchase price.

If Builder assigns the right to receive the payments to be made by Itel Rail, the assignee thereof may request Itel Rail to make, and Itel Rail shall make, such payment to the assignee.

4. Taxes. Itel Rail will pay all local, state, federal or foreign taxes (other than net income, gross receipts, [except gross receipts taxes in the nature of or in lieu of sales or use taxes,] excess profits and similar taxes) or license fees, assessments, charges, fines, or penalties hereafter levied or imposed upon or in connection with or measured by this agreement or any sale, use, payment, shipment, delivery or transfer of title under the terms hereof. Itel Rail will keep the Equipment free and clear of all such impositions which might in any way affect the title of the Builder.

5. Title to the Equipment. Builder hereby retains full legal title to and property in, and a security interest in, the Equipment and all proceeds thereof for itself and for the express benefit of any assignee of the Builder until the purchase price shall have been paid in full notwithstanding the delivery of the Equipment to and the possession and use thereof by Itel Rail or any lessee thereof.

Itel Rail hereby irrevocably appoints Builder, during any period in which a default hereunder is in existence, its agent and attorney-in-fact to assert and enforce from time to time, in the name of and for the account of Itel Rail, whatever claims and rights Itel Rail may have with respect to the Equipment.

Any and all additions to the Equipment, and any and all parts installed on and additions and replacements made to any unit of Equipment shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term, "the Equipment," as used in this Agreement.

Except as otherwise specifically provided herein, when Builder shall have been paid the purchase price in full, together with interest and all other payments as herein provided, and all Itel Rail's obligations herein contained shall have been performed, absolute right to possession of, title to, and property in the Equipment shall pass to and vest in Itel Rail without further transfer or action on the part of Builder. At such time Builder shall, at the request and expense of Itel Rail, execute to Itel Rail a bill of sale for the Equipment as is, where is, and without warranty of any kind except only that the Equipment is free from all liens and incumbrances created by Builder.

6. Marking of the Equipment. Itel Rail will cause each unit of the Equipment to be numbered with its or its lessee's identifying number. Itel Rail will keep and maintain plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words:

Owned by a Bank or Trust Company under a Security Agreement filed under the Interstate Commerce Act, Section 20c

or other appropriate markings approved by the Builder. Itel Rail will make the changes thereof and additions thereto which may be required by law in order to protect the Builder's title to and property in the Equipment and its rights under this Agreement. Itel Rail will not operate, or permit to be operated, any unit until such markings have been made thereon and will replace promptly any such marking which may be removed, defaced or destroyed.

The identifying numbers shall be those set forth in Section 1 of this Agreement. Itel Rail will not permit the identifying number of any unit of Equipment to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with Builder and filed, recorded or deposited on behalf of Itel Rail in all public offices where this Agreement shall have been filed, recorded or deposited. Except as provided in this paragraph, Itel Rail will not allow the name of any person, association or corporation to be placed on any unit of Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the equipment to be lettered with the names or initials or other insignia customarily used by Lessee, its affiliates or its sub-lessees on railroad equipment used by them of the same or a similar type for convenience of identification.

7. Maintenance: Compliance with Laws and Rules.

Itel Rail will cause the Equipment to be maintained in good order and repair at its own expense. Itel Rail will comply, and cause every lessee or user of the Equipment to comply, in all respects with all laws of the jurisdictions in which its operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads, and with all lawful rules of the Department of Transportation, Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment. If any such laws or rules require the alteration of any part on any unit of Equipment, Itel Rail will conform therewith at its own expense.

8. Indemnities. Itel Rail will indemnify, protect and hold harmless Builder from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause, and expenses in connection therewith, including counsel fees, arising out of the retention by Builder of title to the Equipment or the use or operation thereof by Itel Rail, except any losses, damages, injuries, liabilities, claims and demands arising out of any tort, breach of warranty or failure to perform any covenant hereunder by Builder. This covenant of indemnity shall continue in effect notwithstanding full payment of all sums due under this Agreement, or the satisfaction, discharge or termination of this Agreement in any manner whatsoever.

9. Builder's Warranty. Builder warrants the Equipment will be built in accordance with the requirements, specifications and standards set forth in Article 1 and, except in cases of articles and materials specified by Itel Rail and not manufactured by the Builder, warrants the Equipment to be free from defects in material and workmanship under normal use and service. The liability of the Builder under this warranty shall be limited, as Builder may elect: (i) to repair of the defect at the Builder's plant; or (ii) to replacement of the defective part; or (iii) to the cost of repair or replacement according to the Association of American Railroads Code of Rules Governing Conditions of and Repairs to Freight and Passenger Cars with Interchange of Traffic. The foregoing warranty of the Builder shall begin at the time of delivery of a unit of Equipment under this Agreement and terminate one year after such delivery. This warranty is expressly in lieu of all other warranties expressed or implied on the part of the Builder. Builder neither assumes nor authorizes any person to assume for it any other warranty liability in connection with the construction and delivery of the Equipment.

Neither the inspection as provided in Article 2 nor any examination nor the acceptance of any units of Equipment as provided in Article 2 shall be deemed a waiver or a modification by Itel Rail of any of its rights under this Article 9.

10. Assignments. All rights of the Builder under this Agreement may be assigned by Builder and reassigned by any assignee at any time. No assignment shall subject any assignee to, or relieve the Builder from, any obligations of the Builder to construct and deliver the Equipment or to respond to its warranties contained in Article 9 nor relieve Itel Rail of any of its obligations to Builder under Article 8.

Itel Rail represents, for the purpose of assurance to any assignee and for the purpose of inducing any such assignee to take such assignment, that in the event of any assignment by the Builder, the rights of assignee to any unpaid portion of the purchase price, together with interest thereon, shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Builder.

Upon any such assignment and the delivery of a counterpart or copy of such assignment to Itel Rail such assignee shall by virtue of such assignment acquire all of the assignor's right, title and interest in and to the Equipment and this Agreement subject only to such reservations as may be contained in such an assignment. From and after such assignment and delivery of such counterpart or copy to Itel Rail, all payments to be made by Itel Rail hereunder shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

11. Remedies. If at any time Itel Rail shall be in default of any obligation to pay the purchase price or indemnify the Builder, the Builder may take immediate possession of the Equipment without liability to return to Itel Rail any sums theretofore paid and free from all claims whatsoever and may remove the Equipment from the use of Itel Rail or any other person. For such purposes, Builder may enter upon Itel Rail's premises or any other premises where the Equipment may be located, and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities of Itel Rail.

If the Builder shall demand possession of the Equipment and shall reasonably designate a point for delivery to Itel Rail, Itel Rail shall, at its own expense, cause the Equipment to be moved to such point or points. At Builder's option, Builder may keep the Equipment at such point or points

selected by it without charge or rent for storage until Builder shall have leased, sold or otherwise disposed of the Equipment, provided that Itel Rail's obligation to pay for such storage shall not exceed 120 days. Upon application to any court of equity, the Builder shall be entitled to a decree of specific performance of this paragraph. Itel Rail hereby waives any claims against the Builder for damages in connection with any retaking of any units of Equipment in any reasonable manner.

Builder may elect to retain the Equipment in satisfaction of the entire indebtedness in respect of the purchase price and dispose of it as Builder shall deem fit. Builder shall give Itel Rail written notice within thirty days after an election to so dispose of the Equipment.

At any time while Itel Rail is in default hereunder, Builder may upon reasonable notice to Itel Rail, sell any unit of Equipment free from any and all claims of Itel Rail at public or private sale, provided that if Itel Rail shall tender full payment of the total unpaid balance of the indebtedness, together with interest and expenses of the Builder in arranging the sale (including reasonable attorneys' fees,) the possession of and title to the property shall pass to Itel Rail.

Every remedy specified herein shall be in addition to every other remedy now or hereafter existing at law or in equity. Every remedy may be exercised at any time and simultaneously and as often and in such order as the Builder may deem expedient. All powers and remedies shall be cumulative. The exercise of one shall not be a waiver of the right to exercise any other. Acceptance of any payment after it shall have become due will not alter or affect Itel Rail's obligations or the Builder's rights with respect to any subsequent payments.

12. Recording. Itel Rail will cause this Agreement, any assignments hereof, and any amendments or supplements hereto to be filed and recorded with the Interstate Commerce Commission in accordance with section 20c of the Interstate Commerce Act. Itel Rail will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Builder or an assignee for the purpose of proper protection to the satisfaction of the Builder or such assignee, of its title to the Equipment. Itel Rail will promptly furnish to the Builder certificates or other evidence of filing, registering, depositing and recording such documents.

13. Insurance. Itel Rail will maintain physical damage, fire and extended cover insurance with a reliable insurance company to the full insurable value of the Equipment. The extent of such coverage shall not be less than the unpaid purchase price. Upon demand, Itel Rail will furnish Builder with a copy of such insurance policies or a certificate of such insurance.

14. Governing Law. Itel Rail warrants that its chief place of business and its chief executive offices are located in the state of California. The terms of this agreement and all rights and obligations hereunder shall be governed by the state of California.

15. Contingencies. Builder shall not be liable to Itel Rail for any loss or damage suffered as a result of Builder's failure to deliver or delay in delivering the Equipment where such failure or delay is caused by fire, flood, natural disaster, labor trouble (including strikes, slow-downs or walk-outs,) war, riot, civil disorder, embargo, government regulations or restrictions of any kind, expropriation of plant by federal or state authority, interruption of or delay in transportation, power failure, inability to obtain materials or supplies, accident, explosion, act of God or other causes of like or different character beyond the Builder's control.

16. Disclaimer of Consequential Damages. BUILDER SHALL NOT BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT. CONSEQUENTIAL DAMAGES SHALL INCLUDE LOSS OF USE, INCOME OR PROFIT, OR ANY OTHER ECONOMIC LOSS AND LOSS FROM PHYSICAL DAMAGE TO PROPERTY (INCLUDING PROPERTY HANDLED OR PROCESSED IN THE EQUIPMENT.)

17. Execution. This agreement may be executed in any number of counterparts and such counterparts together shall constitute one in the same contract.

IN WITNESS WHEREOF, the parties have hereby executed this instrument.

FMC CORPORATION

[Corporate Seal]  
Attest:

Karph W. Gilbert

By

William G. Gallman  
Srv. V.P. Sales

ITEL CORPORATION, RAIL DIVISION

[Corporate Seal]

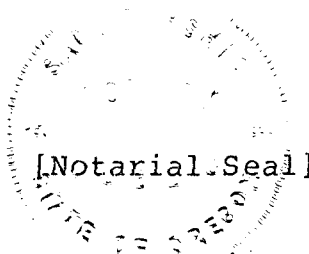
Attest:

By

Donald H. Gleason  
Vice President

STATE OF OREGON           )  
                                  ) SS:  
COUNTY OF MULTNOMAH)

On this 23<sup>rd</sup> day of December, 1977, before me personally appeared William R. Galbraith, to me personally known, who, being by me duly sworn, says that he is Division V.P., Sales of FMC Corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its board of directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



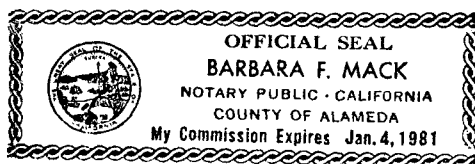
Sada Parshis  
Notary Public

[Notarial Seal]

My Commission expires: November 4, 1981

STATE OF CALIFORNIA)  
                                  ) SS:  
CITY AND COUNTY OF )  
SAN FRANCISCO

On this 22<sup>nd</sup> day of December, 1977, before me personally appeared Donald H. Gleason, to me personally known, who, being by me duly sworn, says that he is Vice President of ITEL Corporation, Rail Division, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its board of directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Barbara F. Mack  
Notary Public

[Notarial Seal]

My Commission expires: